

**JOINT STOCK COMPANY
“RĪGAS ELEKTROMAŠĪNBŪVES RŪPNĪCA”**

Reg. No. 40003042006
Ganību dambis 53, Rīga, LV-1005

**CONSOLIDATED FINANCIAL INFORMATION
FOR 3 MONTHS OF THE YEAR 2018
(NON-AUDITED)**

DRAWN-UP IN COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING
STANDARDS ADOPTED BY THE EUROPEAN UNION

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INFORMATION ABOUT THE PARENT COMPANY

Name of the Company	AS (Joint Stock Company) "Rīgas elektromašīnbūves rūpnīca" (AS "RER")	
Legal status of the Company	Joint Stock Company	
Registration No. in the Register of Enterprises, date and place of registration	No. 000304200, Riga, 29 November 1991	
Unified Registration No. in the Commercial Register, date and place of registration	No. 40003042006, Riga, 29 September 2004	
Registered office	Ganību dambis 53, Riga, LV-1005, the Republic of Latvia	
Institution in charge of the Company	General meeting of shareholders	
The parent Company Council :		
Chairperson of the Council	Stanislav Vodolazskii	from 22.07.16.
Vice-Chairperson of the Council	Kirills Nužins	from 11.11.15.
Council Members	Andrey Sarkisov Natalia Sarkisova Sergey Bolysov Maksim Gordyukov	from 15.07.15. from 15.07.15. from 20.06.17. until 02.05.17.
The parent Company Board:		
Chairperson of the Board	Nikolajs Erohovs	from 15.03.11.
Board Members	Aleksandrs Popadins Ilja Šestakovs Grigorijs Kapustins Olga Pētersone	from 08.11.13. from 30.01.15. from 18.10.16. until 12.10.17.
Accounting period	1 January 2018 – 31 March 2018	
Subsidiary (daughter) companies	AS „Latvo”, reģ. Nr. 40003184975 Ganību dambis 53, Riga, the Republic of Latvia Shares – 98.7 %	
Auditor	SIA "Grant Thornton Baltic", licence Nr.155 Blaumaņa iela 22, Riga, LV-1011, Latvija Certified auditor Silvija Gulbe Certified auditor's certificate No. 142	

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE 3 MONTHS OF THE YEAR 2018

Items	01.01.18. - 31.03.18. EUR	01.01.17. - 31.03.17. EUR
Net turnover	7 569 250	5 866 903
Production costs of the goods sold	(6 584 366)	(5 198 700)
Gross profit or loss	984 884	668 203
Selling expenses	(133 422)	(165 122)
Administration expenses	(531 606)	(528 265)
Other operating income	121 981	254 015
Other operating expenses	(36 268)	(30 586)
Other interest payments and similar expenses	(84 303)	(115 054)
Profit or loss before corporate income tax	321 266	83 191
Profit or loss after calculating the corporate income tax	321 266	83 191
Profit or loss of the accounting period	321 266	83 191

Earnings per share	0.055	0.014
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Attributable to:

Equity holders of a parent company	321 266	83 191
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Other comprehensive income / loss

Long-term investment revaluation reserve decrease	(2 494)	-
Total other comprehensive income / loss	(2 494)	-

Total comprehensive income	318 772	83 191
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Attributable to:

Equity holders of a parent company	318 772	83 191
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 3 MONTHS OF THE YEAR 2018

A S S E T S	31.03.18. EUR	31.12.17. EUR
LONG-TERM INVESTMENTS		
Intangible investments		
Development costs	1 505 245	1 581 122
Concessions, patents, licences and similar rights	289 561	327 352
Other intangible investments	18 352	24 470
Prepayments for intangible investments	13 159	3 625
Total intangible assets	1 826 317	1 936 569
Fixed assets		
Real estate (land, buildings and structures)	15 147 065	15 266 356
Technology devices and equipment	6 154 798	6 088 719
Other fixed assets and inventory	244 914	257 612
Expense of tangible assets and construction in progress	758 887	901 770
Advance payments for fixed assets	322 778	177 139
Total fixed assets	22 628 442	22 691 596
Long-term financial investments		
Own shares	14 551	14 551
Other loans and long-term receivables	6 835 781	6 835 781
Total long-term financial investments	6 850 332	6 850 332
TOTAL LONG-TERM INVESTMENTS	31 305 091	31 478 497
CURRENT ASSETS		
Inventories		
Raw materials, direct materials and auxiliary materials	3 587 941	3 677 582
Work in progress	2 160 759	2 019 058
Finished products and goods for sale	263 565	755 409
Advance payments for inventories	3 513 905	3 400 671
Total inventories	9 526 170	9 852 720
Receivables		
Trade receivables	3 331 168	505 753
Other receivables	242 445	297 420
Prepaid expenses	4 383	4 888
Total receivables	3 577 996	808 061
Short-term financial investments		
Other securities and interest in capital	-	90 000
Total short-term financial investments	-	90 000
Cash	167 052	715 764
TOTAL CURRENT ASSETS	13 271 218	11 466 545
TOTAL ASSETS	44 576 309	42 945 042

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 3 MONTHS OF THE YEAR 2018

LIABILITIES	31.03.18. EUR	31.12.17. EUR
EQUITY CAPITAL		
Share capital (equity capital)	8 118 607	8 118 607
Long-term investment revaluation reserve	13 689 264	13 691 758
Other reserves	407 137	407 137
Retained earnings or uncovered losses of previous years	5 590 381	5 070 363
Profit or loss of the reporting year	321 266	520 018
TOTAL EQUITY CAPITAL	28 126 655	27 807 883
PROVISIONS		
Other provisions	169 396	169 396
TOTAL PROVISIONS	169 396	169 396
CREDITORS		
Long-term liabilities		
Borrowings from credit institutions	3 202 067	3 202 067
Deferred income	1 360 966	1 306 115
Total long-term liabilities	4 563 033	4 508 182
Short-term liabilities		
Borrowings from credit institutions	3 781 849	3 128 330
Advance payments from customers	4 386 524	4 541 164
Trade payables	2 266 392	1 475 130
Taxes and mandatory state social insurance contributions	429 612	497 531
Other liabilities	497 568	445 146
Deferred income	28 333	45 333
Accrued liabilities	326 947	326 947
Total short-term liabilities	11 717 225	10 459 581
TOTAL CREDITORS	16 280 258	14 967 763
TOTAL LIABILITIES	44 576 309	42 945 042

CONSOLIDATED CASH FLOW STATEMENT FOR 3 MONTHS OF THE YEAR 2018, EUR
(prepared by indirect method)

Cash flow from operating activities

Items	01.01.18. - 31.03.18.	01.01.17. - 31.03.17.
Profit or loss before extraordinary items and taxes	321 266	83 191
ADJUSTMENTS		
Depreciation of fixed assets	442 811	613 374
Amortization of intangible investment value	149 480	188 802
Income from sales of fixed assets	(1 400)	(810)
Profit or loss from fluctuations of currency exchange rates	(6 989)	(20 925)
Amounts written off fixed assets	77	627
Reserve for revaluation of long-term investments	(2 494)	-
Profit or loss before adjustments influenced by changes of balance of current assets and short-term liabilities	902 751	864 259
ADJUSTMENTS		
Increase or decrease of balance of receivables	(3 044 193)	750 138
Increase or decrease of balance of inventories	388 611	(214 322)
Increase or decrease of balance of debts to be paid to suppliers, contractors and other creditors	709 814	(238 844)
NET CASH FLOW FROM OPERATING ACTIVITIES	(1 043 017)	1 161 231

Cash flow from investing activities

Items	01.01.18. - 31.03.18.	01.01.17. - 31.03.17.
Proceeds from investment properties	90 000	600 000
Purchase of fixed assets and intangible investments	(263 789)	(350 347)
Income from sales of fixed assets and intangible investments	1 400	810
NET CASH FLOW FROM INVESTING ACTIVITIES	(172 389)	250 463

Cash flow from financing activities

Items	01.01.18. - 31.03.18.	01.01.17. - 31.03.17.
Loans received	1 103 520	65 000
Expenses for repayment of loans	(450 000)	(1 576 509)
NET CASH FLOW FROM FINANCING ACTIVITIES	653 520	(1 511 509)

Summary of cash inflow and outflow

Items	01.01.18. - 31.03.18.	01.01.17. - 31.03.17.
Net cash flow from operating activities	(1 043 017)	1 161 231
Net cash flow from investing activities	(172 389)	250 463
Net cash flow from financing activities	653 520	(1 511 509)
Result of fluctuations of currency exchange rates	13 174	22 023
Net cash flow of the accounting period	(548 712)	(77 792)
Cash and its equivalents in the beginning of the accounting period	715 764	88 409
Cash and its equivalents at the end of the accounting period	167 052	10 617

CONSOLIDATED STATEMENT OF CHANGES OF SHAREHOLDERS' EQUITY FOR 3 MONTHS OF THE YEAR 2018, EUR

Kind of changes	Share capital	Reserve for revaluation of long-term investments	Other provisions	Undivided profit	Total
As at 01.01.2017	8 118 607	11 801 574	407 137	5 070 363	25 397 681
Profit or loss for the accounting period	-	-	-	83 191	83 191
Other comprehensive income	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	83 191	83 191
As at 31.03.2017	8 118 607	11 801 574	407 137	5 153 554	25 480 872
As at 01.01.2018	8 118 607	13 691 758	407 137	5 590 381	27 807 883
Profit or loss for the accounting period	-	-	-	321 266	321 266
Other comprehensive income	-	(2 494)	-	-	(2 494)
<i>Total comprehensive income</i>	-	(2 494)	-	321 266	318 772
As at 31.03.2018	8 118 607	13 689 264	407 137	5 911 647	28 126 655

MANAGEMENT CONFIRMATION REPORT

Consolidated financial information are prepared to the best of our knowledge, in accordance with International Financial Reporting Standards adopted by the European Union. These financial information give a true and fair view of the financial position of the Group and of its financial performance for the period ended 31 March 2018.

In preparing those financial information for 3 months of the year 2018, management selected suitable accounting policies, made judgments and estimates that are reasonable and prudent, prepared the financial information on the going concern basis to presume that the Group will continue in business.

The Management Board is responsible for organizing accounting, they are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Group,

Chairperson of the Board

Nikolajs Erohovs

28 May 2018